



**ANALYSIS OF POLICY, STRUCTURE OF  
ETHIOPIAN MANUFACTURING SECTOR  
ASSOCIATIONS AND CHALLENGES  
IN THEIR CONTRIBUTION TO  
THE SECTOR DEVELOPMENT**

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By

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**DECEMBER, 2017**

## **DECLARAION**

I hereby declare that this thesis work entitled “Analysis of policy, Structure of Ethiopian manufacturing Sector Associations and Challenges in their contribution to the sector development” was composed by myself, with the guidance of my advisor, that the work contained herein is my own except where explicitly stated otherwise in the text, and that this work has not been submitted, in whole or in part, for any other degree or professional qualification.

**Name: Tariku Doche**

**Signature, Date:**\_\_\_\_\_

## **CERTIFICATE**

This is to certify that the thesis by Mr. Tariku Doche Anore entitled “Analysis of policy, Structure of Ethiopian Manufacturing Sector Associations and Challenges in their Contribution to the Sector Development” and submitted in fulfillment of the requirements for the Degree of Master of Business Administration complies with the regulations of the University and meets the accepted standards with respect of originality and quality.

**Signed by Examining Board:**

**Examiner:**

**Signature, Date:**

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**Signature, Date:**

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**Thesis Advisor:**

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**Thesis Co-Advisor:**

**Signature, Date:**

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Tariku Doche

December, 2017

## ABSTRACT

The purpose of this study is to assess the functioning of the existing manufacturing sector associations' structure, policy and challenges in their contribution. The significance of this study is for the improvement of the existing proclamation No. 341/2003. The study used qualitative research design and case study approach. It also used interview to collect data from sample respondents as a primary data collection tools which were selected using Random purposeful sampling technique considering their job position experience and responsibility. From the total of estimated already established associations and support offices at national and regional level of 151 populations, a total of 43(28%) respondents were participated. The data collected was analyzed using thematic network analysis technique which is a more exploratory coding all data. The major challenges facing industrial sectoral associations included membership challenge, integration of sectoral associations into chamber of commerce, inadequate Support from Regulatory and Service Provider Organizations and capacity limitation of the sectoral associations and their chambers. The associations are not contributing in playing advocacy roles, are not promoting their members products, not providing adequate information, trainings, and technical assistances for their members. It is believed that the findings can help future researcher as a benchmark and for stakeholders as an input, as well as for the attention of policy makers' to revise these bottlenecks.

***Keywords: industry sector associations, chambers of industrial sector associations, challenges in their structure, challenges in the policy and the support providing offices.***

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## **ACRONYMS**

AGCCI: Association of German Chambers of Commerce and Industry

AGI: Association of Ghana Industries

ASSOCHAM: Associated Chambers of Commerce and Industry of India

BDS: Business Development Services

BSAs: Business and Sectoral Associations

CBI: Confederation of British Industry

CCSA: Chamber of Commerce and Sectoral Associations

CII: Confederation of Indian Industry

ECCSA: Ethiopian Chamber of Commerce and Sectoral Association

ECSA: Ethiopian Chamber of Sectoral Associations

ICCI: International Chamber of Commerce and Industry

IDS: Industrial Development Strategy

IIA: Indian Industries Association

KAM: Kenya Association of Manufacturers

KNCCI: Kenya National Chamber of Commerce and Industry

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

Business associations are membership organizations established to represent and serve the business community. They are generally made up of enterprises and individuals engaged in trade, industry, and business whose members share common interest. Modern forms of business associations and chambers of commerce began in France in the early 1800's subsequent to medieval Europe merchant guilds administered by merchant seeking to protect/regulate their trades. Much in the same manner as modern business associations, the guilds' preoccupation included such activities as supervising weights and measures; running arbitration boards for disputes; administering ports and markets; gathering, aggregating, and presenting business views to the community; organizing commodity exchanges, collecting and providing information on coerce and trade (Bacry et al., 2009).

In the emerging business environment, characterized by greater reliance on market forces and private enterprise, there is an increasing recognition of the need for stronger private sector involvement in developing national economies. Therefore, business organizations representing the private sector find themselves challenged to advocate the needs of private enterprise through an effective dialogue with government; to complement and take over efforts and responsibilities of government in the field of business promotion; and to reply to a growing demand for services from the business community. Business associations are indeed very important in promoting the interests of the business community both at the national and international levels. In developed countries there are two types of business advocacy organizations, namely chambers of commerce and trade/sector/business associations. These organizations not only play advocacy roles, but also engage increasingly in

providing members with a wide range of services such as promotion, information, certification, training, and technical assistance (Pilgrim and Meier, 1995).

In their structure, there are different types of industry sectoral associations; national level organized industry associations, regional based industry associations, or international industry associations representing a specific industry sector. International industry associations generally comprise federations of national associations while national associations represent the whole of the industry or a particular function. In general, a number of sector based industrial associations were established at local, national, regional, and international levels representing common interests of industries to serve the above explained functions both in developed and developing countries. In practice, industrial sector associations can be organized as an apex institution separately in the form of “Chamber of Industrial Sectoral Associations” [Federation of Industrial Sectoral Associations] or can be organized merged with chambers of commerce as apex institution in the form of “Chamber of Commerce and Industry”. For example, in the United Kingdom, the Confederation of British Industry (CBI), established in 1965, in the initial represents three manufacturing companies (the National Association of British Manufacturers, the Federation of British Industries, and the British Employers’ Confederation) (Boleat, 2003).

In Ethiopia, industrial sectoral associations came into picture lately with promulgation of proclamation No. 341/2003, which was issued in line with the free market economic policy and the Government’s Industrial Development Strategy (IDS). Accordingly, the Ethiopian Chamber of Commerce has been restructured as the Ethiopian Chamber of Commerce and Sectoral Associations in 2007 as an apex

institution that speaks on behalf of trade and industry. The proclamation provides the establishment of “National Chamber of Sectoral Association”, members being regional chambers of sectoral associations and national sectoral associations. Ministry of Trade and Industry at that time has issued a directive in 2004 that determined the type of sectoral associations to be established at national, regional, and woreda or city levels. After disintegration of the two ministries in 2010 a proclamation No. 691/2010 which defined the powers and duties of the federal executive organs has given mandate to the Ministry of Industry to encourage the establishment of industry sectoral and professional associations, and strengthen those already established as one of its powers and duties. (Federal Negarit Gazeta, 2010, Federal Negarit Gazeta, 2003 and ECCSA, 2009; Strategic Plan Document of ECCSA (2002 – 2006 E.C.).

In Ethiopia in the policy of administration of these associations and their chambers, chamber law and directive to implement it (proclamation No. 341/2003 and related directive) provides that membership to both chambers (commerce and industry sectoral associations) is voluntary, which made many businesses and industrialist stay outside of the system, even registered ones again withdraw from membership. Most of the sectoral associations have small members so that unable to have sufficient resource, office, and finance (ECCSA, 2009). Experiences of countries like Germany, Spain and France show that membership and membership contribution to industry sectoral associations that operate in similar sub-sectors is mandatory; all industrialist engaged in similar sub-sector shall be forced to become member of an association and to contribute to the association in which they are member (Pilgrim and Meier, 1995).

## **1.2 Statement of the Problem**

Industry sector associations, like any other organization can contribute for the growth and development of the country’s manufacturing sector if they are well organized and

managed. The organizational Structure of the associations how to be organized at a national, a region and ‘woreda’/city level is becoming a debating issue between the associations and the regulating offices and also the government policy regarding their membership and membership contribution to be mandatory or not needs a review.

Therefore this research will attempt to assess and to recommend solutions on the above questions and to answer what should be done to capacitate them for their contribution on the sector development.

### **1.3 Objective of the study**

#### **1.3.1 General Objective**

The general objective of the study is to assess the challenges of the structure of the associations, policy of the government concerning the associations and the contributions of the associations to the sectors development.

#### **1.3.2 Specific Objectives**

1. To establish suitable structure of organization schemes (i.e., at national, regional, and “Wereda”, level) to the sectoral associations.
2. To evaluate the existing policy on the manufacturing associations.
3. To identify activities to be done to capacitate the industry sectoral associations and their chambers.

### **1.4 Research Questions**

In this study, the researcher attempted to answer the following basic research questions:

1. What are the major contributions of the associations to the sector development?

2. What specific policy and structure bottlenecks are prevalent to the manufacturing sector development?
3. What should be done to help them for their contributions on the sector development?

### **1.5 Definition of Key Terms**

**Industry Associations:** Industry associations are those associations whose members are engaged in manufacturing production sector.

**Trade or Business Associations:** trade or business associations are defined as an organization whose members are involved in a particular business or trade activities, such as retail and wholesale, fabrics, food stuff, transportation.

**Policy:** The declared objectives that a government or party seeks to achieve and preserve in the interest of the community.

(<http://www.businessdictionary.com/definition/policy.html> 22 Feb 2018).

**Structure:** Framework of identifiable elements (members) which gives form and stability, and resists stresses and strains. Structures have defined boundaries within which each element is physically or functionally connected to the other elements.

(<http://www.businessdictionary.com/definition/structure.html> 22 Feb 2018)

**Development:** The process of economic and social transformation that is based on complex cultural and environmental factors and their interactions.

(<http://www.businessdictionary.com/definition/development.html> 22 Feb 2018)

### **1.6 Significance of the study**

The result of this study is expected to contribute for the improvement of the existing proclamation No. 341/2003. The study will also create awareness to all concerned on



the importance of improved organizational structure policy document to ensure productivity and employees satisfaction.

### **1.7 Scope of the study**

Due to the time limitations and financial constraints, the study only focused to the manufacturers which are already members of the associations.

### **1.8 Limitation of the study**

Though the associations are listed in the directive of which are to be organized, they are not established in practice. Due to the idea of the sectoral association is new to the country, even the organized associations' suggestion do not much with the international practices.

### **1.9 Organization of the study**

This study is organized in five chapters. The first chapter deals with introduction in relation to the topic under study. Specifically, it tried to discuss in brief about the background of the study, a statement of the problem and basic research questions, objective of the study, scope, and significance of the study and definition of key terms.

The second chapter of the study presented a review of related literature, concerning structural and policy, contributions of owners manufacturing association, challenges perspectives and experiences of other countries. The third chapter concentrates on methodology, specific discussion on research design, sampling, data collection tools and method of data analysis as well as the reliability and validity issues of the instruments. The fourth chapter presents data analysis and interpretation and the fifth chapter deals with the study conclusion and recommendation of the study.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

This chapter begins by introducing the background of establishment of owners manufacturing sector associations, and then focuses on different countries experiences of policies and structures.

### **2.1 Background of Establishment of Owners Manufacturing Sector Associations**

The history of chambers has basically two roots. The oldest predecessors of today's chambers are the medieval European corporations and merchant guilds. These organizations were local self-help bodies established and run by merchants in order to protect and regulate their trades. They did not exist on a nationwide basis, but were concentrated in major trade centers. The merchant guilds organized commodity exchanges, determined and supervised weights and measurements ran arbitration boards, and administered ports and markets. With the emergence of modern nation-states after the French Revolution, the power of cities and merchants declined as state administration began to organize and regulate the economy on a national level. France and England abolished guilds with the Loi Le Chapelier of 1791 and the General Combination Act of 1799, respectively. In other countries, their influence declined as freedom of trade was introduced (Pilgrim and Meier, 1995).

The modern form of chambers dates back to the so-called "*chambres de commerce*" introduced at the national level in France during the Napoleonic period. Between 1802 and 1804, 176 chambers were established in French territory. The chamber law stipulated that all entrepreneurs had to belong to their respective chamber. Further, the law regulated regional coverage of the chambers by allowing only one officially recognized chamber in each city or district (Pilgrim and Meier, 1995).

## **2.2 Policy and Structure of Owners Manufacturing Sector Associations**

In practice, three basic chambers of distinct legal characteristics are known to exist. These are the Continental, Anglo-Saxon and Mixed Systems Models (Pilgrim and Meier, 1995).

### **2.2.1 The Continental Model**

This French model is characterized by obligatory membership and a special chamber law which defines its status and tasks. It was adopted by several states in continental Europe including Germany, Italy, Austria, Netherlands, and Spain during the late 19th and early 20th centuries. Therefore, chamber systems under public law are frequently referred to as “Continental” models. This system was also introduced in most French colonies (Pilgrim and Meier, 1995).

Under the Continental Model, chambers are created on the basis of national legislation. The chamber law prescribes the creation of chambers as corporations under public law. Such legal recognition by law enables the government to delegate to the chambers certain functions which are normally assigned to public authorities (such as training, certification, business registration and licensing) (Pilgrim and Meier, 1995).

Under the Continental Model, the chamber law prescribes obligatory membership for all self-employed persons and legal entities entitled to run businesses within the chamber district. Obligatory membership includes a regular and mandatory financial contribution to the local chamber (Pilgrim and Meier, 1995).

Generally, three reasons are given for the introduction of obligatory membership. First, mandatory membership guarantees that chambers represent enterprises of all sectors, sizes and legal forms. Second, compulsory membership guarantees that all

enterprises contribute financially avoiding free-rider behavior. Finally, compulsory membership ensures a broad and stable source of income. Mandatory Membership under the Continental Model, governments are legally obligated to consult with chambers before ruling on legal and economic matters. In this context, chambers send delegates to parliamentary hearings and public committees. The regulation attempts to ensure that policy-makers draw on business sector expertise (Pilgrim and Meier, 1995).

Another legal feature of the Continental Model is the regulation of regional coverage, which ensures that there is one (and only one) chamber in each major town or district. Unique to the Continental Model is also that business associations hold public tasks under delegation by the government due to their close links to the business community. Business associations may also provide such other tasks as membership services within the purview of their set objectives as specified in the statute (Pilgrim and Meier, 1995).

While the Continental Model ensures the above mentioned privileges and rights under public law, it also provides a special supervision of the business associations' and chambers' activities by state authorities to ensure that both the interests of members and the public are not harmed while performing their designated functions (Pilgrim and Meier, 1995).

In summary, six key characteristics define the Continental Model. These are:

- Special legislation governs chambers (public law status);
- Mandatory membership is required by law;
- Chambers have formal consultative status vis-à-vis government;
- There is only one chamber per legally specified area;

- Chambers must assume tasks delegated by government; and
- Chambers are subject to public supervision.

Continental chambers can be well resourced from compulsory membership fees, laying the basis for sound and stable financial ground. Such chambers can also mobilize additional resources by assuming governmental and quasigovernmental tasks such as licensing or certifying businesses delegated by government. Such preoccupations may, however, result in distracting the chambers from focusing on member services including representing the general body of entrepreneurial interests (Pilgrim and Meier, 1995).

### **2.2.2 The Anglo-Saxon Model**

Under the Anglo-Saxon Model, there is no specific legislation regulating chambers. Chambers must adhere to local laws of incorporation where they are registered. Anglo-Saxon Model chambers are also referred to as private law chambers. They are voluntary membership organizations governed entirely by their members. Here, chambers need only register at the pertinent government authority under existing laws of incorporation (Pilgrim and Meier, 1995).

Membership in the Anglo-Saxon Model chambers is voluntary and, as such, may not include all the firms within a given location. However, there is no legal definition; the membership base may have wide-ranging sectors, including trade, industry, agriculture, services, banking, insurance and professional services such as lawyers, accountants and consultants. In the absence of mandatory membership and assured income from membership fees, the Anglo-Saxon Model underscores relying on marketing of services that are responsive to membership needs (Pilgrim and Meier, 1995).

As there is no legislation governing business associations under the Anglo-Saxon Model, chambers may be established at the free will of anyone. As a result, there may be several chambers competing for membership or no chamber representing the business community in a given area. A chamber's scope of activities is not regulated, either. Each chamber is free to decide on the best way of providing services for its members (Pilgrim and Meier, 1995).

In summary, four key characteristics of the Anglo-Saxon Model can be identified:

- There is no special law regulating the establishment and running of chambers (private law status);
- Chamber membership is voluntary;
- Anyone is free to establish a chamber; and
- Chambers are not required to fulfill government delegated functions.

The Anglo-Saxon chamber systems have been adopted countries such as UK, Sweden, Denmark, U.S.A, Canada, Jamaica, India, Philippines, Singapore, Australia, South Africa, Ghana, etc (Pilgrim and Meier, 1995).

### **2.2.3 The Mixed Systems Model**

These are chamber systems which cannot be categorized as either Continental or Anglo-Saxon Models as characterized above. The chamber systems under this arrangement use one model as a foundation and introduce new elements from the opposing model creating a new hybrid. These chamber systems are characterized as Mixed Systems. Such chamber systems are adopted and exercised in Japan, Thailand, Brazil, etc (Pilgrim and Meier, 1995).

### **2.3 Establishment of Owners Manufacturing Sector Associations in Ethiopia**

The first Chamber of Commerce in the world was founded in Marseilles, France, at the beginning of the second half of the 16th Century. After spreading to European and other countries, the concept of a chamber of commerce reached Ethiopia almost 400 years later; this was precisely in 1943. The need for its establishment basically emanated from the commodity and economic crisis occurred during the period 1941-42 immediately after the defeat of the Italian aggression. The establishment of the Chamber of Commerce was seen as a solution to address the distribution of scarce commodities such as cotton, yarn, and woolen products. Members of the Chamber of Commerce were allowed to distribute those scarce commodities to stabilize the market (Bacry et al., 2009).

Cognizant to these the Government promulgated General Notice Number No. 90/47, under article (4) (V) in 1947 in a bid to establish the Addis Ababa Business Operators (AABO) in April 1947. AABO is, hence, reminisced as the “mother-womb” of the chamber system in Ethiopia. This was the turning point for the establishment of an apex organization of the private sector in the country. The Charter clearly defined the roles and functions of the Chamber and stipulated membership to be mandatory (ECCSA, 2009).

A cursory investigation of some documents indicates that the Chamber had good Government support with patronage at the highest political level. In 1959, the Government as part of its endeavors to strengthen the Chamber provided a plot of land on which the current a seven-story Head Quarters building was constructed. The construction of the building was also facilitated by the Government. The National

Chamber had then branches in Asmara, Diredawa, Gondar, Jimma and Nazareth (ECCSA, 2009).

Following the change of Government in 1974 proclamation No. 148/74 was enacted that declared membership of business entities mandatory and restructured the Chamber in line with the command economic policy adopted by the then administration (ECCSA, 2009).

The Chambers' activities during this period were focused mainly on promoting export trade, participating in international trade fairs, conducting research on trade constraints and establishing relations with other chambers (ECCSA, 2009).

Subsequently, the Ethiopian Chamber of Commerce was re-established in 1978 under Proclamation No. 148/1978, bringing together twelve city chambers (Addis Ababa, Assela, Hawassa, Bahir Dar, Dessie, Dire Dawa, Gondar, Jimma, Mekelle, Adama, Nekemte, and Shashemene) which represented several thousand members, most of them belonging to trade and service sectors (ECCSA, 2009).

For ease of comprehension and as distinctive as the characteristics are, the history of the chamber system in Ethiopia may be broken down into three periods. These are the pre-1974 days which refer to the Imperial era; the period 1974-1992 which represents the socialist system of the previous government; and the post-1992 period which covers the tenure of the current government (ECCSA, 2009).

## **2.4 Policy and Procedure of Manufacturing Sector Associations in Ethiopia**

Sectoral associations are new phenomenon in the history of business associations, coming into picture following the promulgation of Proclamation No. 341/2003 which established chambers of commerce and sectoral associations in Ethiopia.



Proclamation No. 341/2003 defines sectoral associations as associations formed by persons engaged in production and established in accordance with Article 404 of the Ethiopian Civil Code for the purpose of pursuing their common interest (ECCSA, 2009).

## **2.5 Institutional Structure of Manufacturing of Sector Associations in Ethiopia**

The directive issued by the Ministry of Trade and Industry in accordance with Articles 24 and 35 of Proclamation No. 341/2003 provides that sectoral associations may be set up at national, regional, and woreda or city levels by persons engaged in agricultural products production activities; persons engaged in the production and trade of manufactured goods; persons engaged in micro and small manufacturing and trade; and persons engaged in the manufacture and trade thereof of any manufactured goods. Accordingly, the directive decrees sectoral associations that may at the outset establish/organize at the national, regional, and city or woreda levels. These include twenty-four sectoral associations that may be established at the outset at the national level; seven sectoral associations at the regional level; and thirteen sectoral associations at the woreda level (AACCSA, 2009).

In accordance with the directive, only six of the twenty-four sectoral associations that may be at the outset organized at the national level shall directly become members of the Ethiopian Chamber of Commerce and Sectoral Associations. These include: the Ethiopian Sugar and Sweats Manufacturing Association, the Ethiopian Textiles and Garment Manufacturing Association, the Ethiopian Leather Industries Association, the Ethiopian Meat Exporters Association, the Ethiopian Horticulture (Vegetable, Fruit and Flower) Producers Association, and the Ethiopian grain, oil seed and spices producers and exporters Association. Similarly, the directive decrees that only four

sectoral associations out of the thirteen sectoral associations that may be at the outset organized at city or woreda level shall be directly represented at the city chambers of commerce and sectoral associations. These include: the Dress and Canvas Tailors Association, Home Economics and Cultural Food Product Manufacturing Association, Weaving Products and Carpet Manufacturing Association, and Sweaters Producers Association (ECCSA, 2009).

The reason why these sectoral associations are selected to be directly represented at the respective Chambers of Commerce and Sectoral Associations is not clearly known. It is vague and shows that the government gives high priority to these six associations and gives low attention to the remaining sectoral associations. The directive explained that the above mentioned sectoral associations has been afforded such a direct representation at chambers of commerce and sectoral associations based on the contribution of the specific sector of concern in regard to its internal linkage to the agricultural sector, employment generation capacity, capacity to generate foreign exchange by expanding exports, and contribution to gross value of production (ECCSA, 2009).

In general, the directive has not been designed in a uniform platform of organization and representation of sectoral associations. It decrees only some to be directly represented in chamber of commerce and sectoral association and the others to form chamber of sectoral associations. Formation of chamber of sectoral association by weaker constituent member associations will not bring strong chamber of sectoral association. If weaker and stronger sectoral associations jointly form chambers of sectoral association at woreda/city, regional and national level strong sectoral

associations will be developed through experience sharing and excellence-deepening (ECCSA, 2009).

The directive does not provide for sectors specified at the regional and city or woreda levels to organize vertically across the various tiers to establish sector specific national associations, a limiting factor for fostering advantages of scale economies, experience-sharing, excellence-deepening, and sector specific dialoguing. This further limits sectoral integration and excellence beyond the woreda and city levels. It is vital that all sectoral associations formed at woreda/city level should form city or woreda level chamber of sectoral associations independently. All sectoral associations organized at regional level and representatives from woreda/ city chamber of sectoral associations should form regional chamber of sectoral associations. Similarly, all sectoral associations organized at national level and representatives from regional chambers of sectoral associations should form national chamber of sectoral associations (ECCSA, 2009).

## **2.6 Practices of Industrial Sectoral Associations in selected Countries**

### **Kenya**

#### **Membership**

Voluntary; open to those engaged in economic sectors including large & small businesses as well as self-employed professionals; but membership is restricted to persons & companies directly engaged in manufacturing; processing or any other productive activity (<https://tsds.ictsd.org/organizer/kenya-national-chamber-commerce-and-industry- kncci> 2 Jun 2017).

**Internal organization**

Determined in bylaws of each chamber; Decisions are made by management committee of board of directors; the management committee supported by qualified and experienced personnel headed by executive chief (IBID).

**Organizational structure modality**

KNCCI acts as the apex body of the Kenyan chamber system; sectoral based associations were organized separately including Kenya Association of Manufacturers (KAM), Kenya Micro, Small and Medium Enterprises Association (KMSMEA), and Federation of Kenyan Employers (FKEs) (IBID).

**Representation**

KNCCI is recognized by government representing interests of members at various levels; the KAM, KMSMEA, & FKE also represent the interests of members; chambers and sectoral associations are very active in lobbying and influencing policy decisions (IBID).

**Basic functions of associations and chambers**

Advocacy, representation by government, business services, and diplomatic services are some their functions (IBID).

**Regulatory body functions and services**

Business companies registered by Registrar of Companies at the Attorney General's Chambers; sectoral associations like Kenya Fish Processors & Exporters Association (AFIPEK), & coffee producers associations register with Registrar of Trade Unions under the Companies Act (CAP.486); and professional associations like Architectural Association of Kenya (AAK) registers under the societies Act (IBID).

## **Ghana**

### **Membership**

Voluntary; is open to any registered business establishment in Ghana including large, medium and small businesses; but Association of Ghana Industries is open to only those businesses engaged in manufacturing industries (Nadgrodkiewicz, 2009)

### **Internal organization**

Chambers/ associations are partly under public laws, but mostly guided by chamber/ association laws; Decisions are made by Central Council and the day to day activities are run by Executive Committee (IBID).

### **Organizational structure modality**

Private Enterprise Foundation (PEF) is an umbrella organization of private sector associations, chambers and federations representing different sectors (trade, industries, mines, exporters and Employers); Separate associations engaged in agriculture productions such National Fisheries Association, Cooperative Bee-Keepers Society, Nursery Operators Association, Cassava Farmers Association, and Vegetable and Mango Farmers Association were organized (IBID).

### **Representation**

The PEF and GNCCI are leading bodies of business operators, firms and industries representing the interests of members to the government authorities; associations of manufacturing industries, chamber of mines, federation of exporter's associations, etc also represent members' interest to different forums (IBID).

### **Basic functions of associations and chambers**

Policy advocacy and advisory, industrial sub-contracting and partnership, information gathering, analysis & dissemination, human resource development, business plan preparation, provision of support services, trade fairs and exhibitions, export development, business missions and consultancy (IBID).

### **Regulatory body functions and services**

The Registrar General's Department of Ministry of Trade and Industry generally registers Sector trade and Industry Associations; the Ministry of Justice and Attorney General's Department, Ministry of Local Government and Rural Development, and National Board for Small Scale Industries cooperate in the regulation process (IBID).

## **Turkey**

### **Membership**

Membership to apex organization is voluntary for registered sectoral associations, federations or chambers, but it is mandatory for self-employed persons and legal entities engaged in businesses and manufacturing to become member of an association ([http://www.duzcetso.org.tr/Dosyalar/Ek\\_Dosyalar/ek\\_dosya\\_4483.pdf](http://www.duzcetso.org.tr/Dosyalar/Ek_Dosyalar/ek_dosya_4483.pdf) 2 Jun 2017).

### **Internal organization**

Mostly governed by chamber laws and their own constitutions; Overall apex body for confederations, federations and associations is General Assembly, Decisions are made by boards of each specific sectoral association, chambers or federations (IBID).

### **Organizational structure modality**

Union of Chambers and Commodity Exchanges of Turkey (UCCET) an body in Turkey representing chambers of commerce & industry, chambers of commerce, chambers of industry, and commodity exchanges; industry sector associations such as

industrialists & businessmen association, machine tools industrialists and businessmen association, association of machine manufacturers, and association of investors were organized and are members of chambers of industries (IBID).

### **Representation**

The apex UCCET represents industries and business associations and federations in Turkey, various chambers of commerce and industry; chambers of commerce, chambers of industry associations and federations also represent voices to relevant government bodies (IBID).

### **Basic functions of associations and chambers**

Represent issues of interest to the attention of the public bodies; conduct advocacy works, training, foreign trade guidance, consultancy, and delegation; participate in national and international meetings to support development of solutions for sector matters and deliver proposals for options to be taken (IBID).

### **Regulatory body functions and services**

Turkish Ministry of Science, Industry and Technology regulates and supports industry associations and federations representing the manufacturing sector; chambers of commerce and trade associations are registered and supported by Turkish Ministry of Trade (TMoT), the Ministry of Trade ratifies elected president, v/presidents and board members, the internal regulation of chambers is also approved by TMoT (IBID).

## **Malaysia**

### **Membership**

Voluntary; membership to apex organization is on voluntary basis; but as organization of the major national level associations or federations are based on ethnic groups (Malay, Chinese, Indian, etc) member to these organizations is mostly open to

respective ethnic groups (<https://www.jobstreet.com.my/en/companies/444294-malaysian-international-chamber-of-commerce-and-industry-micci> Jun 2, 2017 ).

### **Internal organization**

Governed by both public law and chambers' constitutions; the apex body is governed by General Council through President and V/Presidents elected by the council; but associations, chambers and federations are managed by board of directors and the secretariats (IBID).

### **Organizational structure modality**

NCCIM is an apex organization /umbrella platform comprising five principal Malaysian private sector organizations concerned with commerce and industry; besides many constituent associations, federations and chambers were organized which include: federation of Malaysian manufacturers, Malaysian Indian Textiles and General Stores Association, Indian Builders Association Malaysia, Malaysian Indian Goldsmith Jewelers Association, etc include both SMEs and Large Manufacturing Sectors (IBID).

### **Representation**

NCCIM is an apex organization working closely with government and representing issues of their constituent members; individual chambers of commerce and industry, federation of manufacturing industries, and sectoral associations and federations also represent their respective interest on different forums (IBID).

### **Basic functions of associations and chambers**

Represent the interests of the business community on domestic and international fronts; promote, foster and protect the interests of all corporations, industrialists and business men operating in the country; conducts advocacy work, skill trainings,



collect, publish and disseminate information, provide business advisory and counseling (IBID).

### **Regulatory body functions and services**

Ministry of International Trade and Industry (MITI), through its Malaysian Industrial Development Authority and SME Corporation Malaysia, regulates businesses associations including manufacturing sectors; Ministry of Tourism provides support and regulations to businesses engaged in tourism services; mine based businesses and associations are regulated and licensed by Ministry of Natural Resources and Environment through its Minerals and Geosciences Department (IBID).

## **India**

### **Membership**

Voluntary and defined in chamber's by laws; open to all economic sectors; large and small businesses, self-employed professionals, and associations engaged in promotion of industrial activities (ASSOCHAM, 2014)

### **Internal organization**

Guided by public laws and chambers laws; no regulations with regard to size or area of representation; Decisions are made by management committee supported by advisory council and national committee; Secretary General guides chambers' day – to- day activities (IBID).

### **Organizational structure modality**

Chambers of Commerce and Industry of India (ASSOCHAM) is an apex body; others include Confederation of Indian Industries, Indian Industries Association (apex body of micro, small and medium enterprises) (IBID).

## **Representation**

Giving voice to Industry's viewpoints and bringing to the notice of Government policy makers as well as the general public, chambers and sectoral associations have good and cooperative relationship with the public authorities (IBID).

## **Basic functions of associations and chambers**

Associated Advocacy, foreign trade promotion, expert advice, regular and timely information provision, and generate awareness of members (IBID).

## **Regulatory body functions and services**

The Registrar of Firms registers partnership & companies for doing business; a sole proprietorship is not required to register; industry license is not required for most industries, but license is required for those engaged in telecom and insurance activities (IBID).

## **2.7 Operational Challenges of the Associations Due to the Policy and Structure**

The chamber law and directive to implement it (proclamation No. 341/2003 and related directive) provides that membership to both chambers (commerce and sectoral associations) is voluntary, which made many businesses and industrialist stay outside of the system. The voluntarily membership has limited to create sufficient number of members; even registered ones again withdraw from membership. Most of the sectoral associations have small members so that unable to have sufficient resource, office, and finance; and therefore forced to be compensated by chamber of commerce. And proclamation No. 341/2003 and directive issued to implement it provides to establish chamber of commerce and sectoral associations as an apex organization. This made the sectoral associations dependent on chambers of commerce which mainly focus on trade business issues and do not give emphasis to manufacturing industry sector issues. It has been pinpointed that the issues of manufacturing

industries were given low attention in the system. Furthermore, it has been noted that chambers of sectoral associations were forced to be dependent on chambers of commerce at each level in terms of resources like offices and finance (Bacry et al., 2009).

## **2.8 The Experience of Countries on the Associations Policy and Structure**

Country cases are presented below to show on how chambers work under the different chamber traditions and the important aspects of chamber management and organization under each case. The countries selected are Germany as examples of the Continental Model, the U.K, India, Ghana, South Africa, and Kenya as examples of the Anglo-Saxon Model, and Thailand as example of Mixed Systems. In addition, Indonesia and Malaysia are selected as non-specific models of chambers.

### **2.8.1 Germany (Example of Continental Model)**

Role and Organization of Chambers: In Germany, membership in chambers of commerce and industry is mandatory for all self-employed persons and legal entities engaged in business, including entrepreneurs and enterprises from industry, trade and commerce. There are also separate obligatory chambers for agriculture, small businesses, and professionals like lawyers, physicians and architects. The chambers cover a specific region as defined by the government. The apex body of the chambers is the Association of German Chambers of Commerce and Industry (AGCCI), representing German chambers and a great number of sectoral associations and individual companies. The major business, sectoral and professional associations in Germany include: German Chambers of Commerce, Association of the German Trade Fair Industry, Federation of German Wholesale and Foreign Trade, Association of Energy and Water Industries, Association of German Industry, Federal Association for the German Disposal Industry, German Association for the Pharmaceutical

Industry, German Digital Industry Association, German Wind Energy Association, Confederation of German Employers' Associations, German Food Industry Association, Confederation of the German Construction Industry, German Solar Industry Federation, German Association of the Automotive Industry, German Federation of the Engineering Industries, Federal Association of Freelance Professions, etc. (Pilgrim and Meier, 1995).

Unlike the regional chambers, the apex body is a voluntary organization and has no public law status. The German chamber law provides for a general framework of the internal organization of the chambers. The Ministry of Economics must approve the remaining details of the internal organization as determined by the bylaws. The bylaws govern the duties of the general assembly, the president, and the secretary general and special committees (IBID).

**Internal Organization of Chambers:** Decision-making in German chambers is structured in an indirect system. In this regard, chamber members elect delegates every four years to convene a plenary assembly which generally meets once a year. Seats in the plenary are allotted according to the district's economic significance. The assembly elects a president from among the delegates every two years. The assembly further elects the secretary general. While the delegates and the president work on an honorary basis, the secretary general is a full-time professional heading the staff and managing the chamber. The president and the secretary general jointly represent the chamber (IBID).

**Sources of Income:** The most important source of the income of chambers of commerce in Germany comes from compulsory membership dues. Between seventy to eighty percent of the annual chamber budget is financed by membership fees. Annual

membership fees are determined by the general assembly. However, changes in membership fees are subject to public supervision. While the government does not collect or administer the funds, it requires membership and regulates the fee schedules. Membership dues are collected by the chambers and all member enterprises (regardless of legal status) are required to pay two fees: one based on the size of the company and the other a variable contribution set according to the level of trade taxes paid by the enterprise. Between twenty and thirty percent of the chambers' budget is financed through selling services, the most important sources of finance being training activities, issuance of certificates of origin, sale of business information, and grants (Pilgrim and Meier, 1995). Many of the services of the chambers are provided free of charge or below cost since compulsory membership fees make a sound financial base for the chambers. In general, German chambers of commerce in general do not receive public subsidies (Pilgrim and Meier, 1995).

*Basic Function:* The basic functions are advocacy, services and delegation. German chambers of commerce and industry perform the twin role of maintaining constant dialogue with government on the likely impact of policies affecting the business sector and conveying the views and grievances of members so that problems affecting the business community are attended to. Local, state, and federal governments are legally obliged to consult the chambers about all draft laws and ordinances affecting trade and industry. At the state and federal levels, the chambers have a voice in state development, economic promotion, and traffic planning. In the process, chambers are consulted not only by the pertinent ministry, but also by the relevant parliamentary committees. In the context of these consultations, the chambers present position papers on specific issues to federal ministries. The chambers propagate their activities

through press conferences, press releases, and by conducting surveys and studies (IBID).

German chambers provide services to their members in four major areas: foreign trade, training, consultancy, and research. In the area of foreign trade, German chambers offer foreign trade guidance primarily through the provision of information on foreign trade regulations, foreign exchange regulations, trade fairs and exhibitions, and joint-venture opportunities (Pilgrim and Meier, 1995).

Training activities undertaken by German chambers focus on advanced training in management, accounting, data processing, foreign languages and other technical subjects. The chambers also organize seminars on topical issues. The advanced training provided is also open to non-members. All participants in the training are required to pay fees, regardless of their membership status. Consultancy services to members are given free of charge and cover technical, environmental and managerial advice as well as information on public assistance programs (IBID).

A special advisory service is also provided for new project ventures through experts employed by the chamber. The information offered by the chambers relate to general economic development, market, and tax issues, the dissemination of which is done through publications, circulars, brochures, libraries or database listings (IBID).

The public law status of the German chambers of commerce allows the chambers to assume some responsibilities delegated by the government. The most important delegated functions of German chambers are vocational training, business registration, running arbitration courts, and issuing foreign trade documents. In respect of the German trade register, those are run by the district courts while German chambers of commerce review the applications and give recommendations to the

district court. Further, the chambers have established courts of arbitration for settling trade disputes. The chambers are again responsible for selecting and swearing-in of official experts to testify before the courts and public authorities. In addition, German chambers are authorized to issue certain trade documents including certificates of origin and ATA carnets (*Admission Temporaire*/Temporary Admission or sometimes known outside the U.S. as temporary importation vehicles) as well as certification of invoices and other trade documents (Pilgrim and Meier, 1995).

### **2.8.2 United Kingdom (Examples of Anglo-Saxon Model)**

There are many trade and sectoral associations in United Kingdom (Britain) ranging from small associations with no staff to confederations covering several industries. The Confederation of British Industry is the national representative body for industry and commerce. The trade and sectoral associations include: manufacturing industries association (mechanical and metal, electro technical and allied, chemicals and pharmaceuticals, auto motors, pulping and printing, etc), trade and service sector associations (travels, retailing, railways, shipping, banking and insurance, etc) (Pilgrim and Meier, 1995).

**Role and Organization of Chambers and Associations:** Unlike in many other countries, there is no specific legislation on chambers and sectoral associations in Britain. There is no requirement on them to be registered and they can take almost any legal form. There are some reporting requirements on employers' associations and associations are affected by competition law. The government has shown little interest in associations. The British concept of an unincorporated association is unknown. There is no legislation that refers specifically to trade associations, no requirements on them to be registered, no requirements on them to publish accounts and so on.

Trade associations can take any legal form. Majorities are companies limited by guarantee but significant minorities are unincorporated organizations while small minorities are companies limited by shares (IBID).

Membership in chambers and trade/ sectoral associations is voluntary in the United Kingdom and individual chambers and sectoral associations determine membership eligibility in their bylaws. In general, any person, association, corporation, partnership or estate having an interest in the organization's mission is eligible to apply for membership. Anyone can establish a chamber or trade association in the United Kingdom and chambers are not centrally registered. Local chambers may join the state chamber or the national chamber. There are no prerequisites to join either. It is evident that some people are natural "joiners" while others are not (Pilgrim and Meier, 1995).

The apex representative body for businesses in Britain is the Confederation of British Industry (CBI). In contrast to the German national chambers, the membership of the U.K. apex body includes not only chambers, but also individual companies and trade associations. Membership of the CBI falls into five categories: industrial companies, commercial companies, employers' organizations and trade associations (representing individual manufacturing companies), commercial associations (associations with members in finance and commerce, local trade associations and chambers of commerce), and nationalized industries and big corporations. Many members belong directly both to a local chamber and the national chamber (IBID).

The CBI is not the only national representative body which claims to speak for industry and commerce. Others include: the British Chambers of Commerce, the central representative body for the chambers of commerce (membership is



predominantly small to medium sized companies); the Engineering Employers' Federation (EEF), the membership of which comprises companies in the manufacturing sector; the Federation of Small Businesses, which represents small businesses; and the Forum for Private Business, which also represents small businesses. These associations are also based on voluntary membership. Many of them are very small and without fulltime staff. Others have thousands of members with a state or nationwide membership. Unlike in the Continental Model, trade and professional associations in Britain can become members of the chambers (Pilgrim and Meier, 1995).

**Internal Organization of Chambers:** In Britain, the determination of the internal arrangement of chambers and trade or sectoral associations is the exclusive domain of their bylaws. Regional and local chambers of commerce and sectoral associations are given the liberty to establish their own bylaws in conformity with local, regional, and federal laws. The bylaws govern the rights and duties of the various bodies of the chambers and associations, namely the board of directors, chairman of the board, the president, and committees (IBID).

The board of directors is the most important body of Britain chambers and sectoral associations representing companies, nominated by companies and elected directly by the members. Usually serving a three-year term, candidates for the board must be members of the chamber. The board of directors mostly meets on a monthly basis. The board of directors of chambers or the associations establishes policy priorities and oversees the work of project or task groups. The board of directors elects the chairman of the board and other officers from among its members. The chairman is the highest elected official. The board's executive committee is the body responsible

to take action whenever quick responses are necessary. Policy recommendations to the board come from the various standing and special committees established in specific areas of concern to the chamber (IBID).

The chairman and deputy chairman of chambers and sectoral associations are elected by the board rather than by the members. Most associations adopt the practice of the board selecting the chairman. In most chambers and sectoral associations, the chairman and the directors serve on a volunteer basis. The president is a full-time professional heading the chamber staff. In addition, the chief executive's staff is hired by the board. Other professionals and management staff are hired by the chief staff executive. The day to-day chamber operations are handled by the staff. Some small chambers have either part-time or no professional staff and are managed by volunteers (Pilgrim and Meier, 1995).

Sources of Income: The main source income of chambers and trade associations in Britain is from subscriptions from members but also earn some income from commercial activity, generally on the back of their mainstream work and therefore not in competition with other organizations. Fees from services are more important to chambers under the Anglo-Saxon Model than under the Continental Model. Membership income is critically important to both regional and local chambers and sectoral association in Britain as it is the basis for the level of commitment to the business organization on the part of members. Through membership, the chamber develops a critical mass of business members which enables it to carry out its business plans. However, associations seldom suffer cash flow problems. Their normal practice is to raise their subscriptions at the beginning of the year or, alternatively, throughout the year by means of direct debits, and for expenditure to be relatively stable

throughout the year. Most associations establish a minimum subscription which may equate to the perceived cost of servicing one member but it also needs to be set taking into account policy on attracting small companies into membership. Some chambers or associations establish highest subscription rates, but the highest subscription paid is less meaningful since it depends on the nature of the industry (Pilgrim and Meier, 1995).

Sources of income other than membership fees include special levies on some members based on tangible service being provided and entry fees charged to new members. Other income generating programs include foundations, publications, trade fairs, and educational seminars (IBID).

Basic Functions: Representation is the principal function of many chambers and business associations, particularly larger ones. Most representational work is based on a combination of trust, good intelligence and sound, evidence-based policy submissions. Political lobbying is necessary only in a small minority of cases (IBID).

In Britain, the overriding feature of the policy framework is that most decisions are taken by the government or agencies of government. No formal channels of consultation exist between the public and private sectors. However, the climate of opinions by trade associations does influence policy-makers and does result in illogical decisions being taken on particular issues. Few trade associations are able to have a major effect on the climate of opinion. However, this applies to the smallish proportion of issues that are politically sensitive and that get undue publicity (IBID).

Drafting a policy submission should be a basic trade association function, but often is not handled well. In practice, policy submissions should have a much wider audience including other opinion formers and indeed members. Members must obviously be

involved in policy formulation. The nature of the involvement will depend on the nature of the trade association and the issue under discussion. It used to be a common practice for trade associations to wish to follow up a submission with a meeting at which the submission was formally presented. However, there will be cases where the recipient of the submission will wish to discuss some issues or perhaps ask for further information (Pilgrim and Meier, 1995).

Regarding sub-regional representation, the United Kingdom is a single jurisdiction and a highly centralized one. This is in contrast, for example, with the USA where the individual states each have considerable powers and strong legislatures. Most trade association work in Britain is done at the national level and also in London. However, there are many regulatory bodies relevant to particular trade associations which operate outside London. Over the last few years there has been significant devolution in Britain. Scotland and Wales and Northern Ireland now each have devolved administrations and legislative bodies. This devolution is relevant to trade associations to varying extents depending on the sector which they cover. Most trade associations have now come to terms with devolution and have not incurred major problems. However, there is no doubt that devolution poses risks to associations. Effective trade association does the necessary groundwork by establishing a reputation and developing contacts and having a good intelligence system so that it can handle specific issues effectively. Associations do not generally have the same position in respect of Scotland, Wales and Northern Ireland because they cannot afford to do so. They may be reliant on others to feed them necessary information and to help them with contacts. They may be slower to pick up on an important development which affects their members simply because they are not there. When they need to deal with a specific matter they are therefore less well positioned (IBID).

Lobbying is considered as important function of chambers and trade associations to influence legislators and government executive bodies. In Britain, chambers and trade association engage in direct lobbying by contacting legislators Parliament Members (MPs) public officials. In respect of consultancy, trade associations provide consultancy services to particularly to small-scale enterprises. Generally, most trade associations do not need to use public affairs consultants because they can do the work better themselves. However, there are a number of circumstances where it makes sense for an association to draw on external consultancy help (Pilgrim and Meier, 1995).

The provision of information service to members is a core function of chambers and trade associations in Britain. All businesses need information in order to operate effectively. They need to know in particular about the environment within which they are operating, that is trends in the marketplace, the activities of competitors, any legal requirements that they need to meet, the tax regime governing their business, export opportunities and potential threats to their business from whatever source. Provision of good quality information to member sector industries is a key characteristic and function of trade associations. A trade association that is seen to be effective in providing the information that its members need will be valued by those members. By contrast, if an association is not seen as a reliable source of information it runs the risk of losing members and also perhaps of losing its status to others able to provide the information more effectively (Pilgrim and Meier, 1995).

Associations can most effectively provide commercial services linked to their mainstream functions or where they have a natural market advantage. At first sight the attractions to an association of providing commercial services are compelling. First

and foremost is an additional source of income, which means that subscriptions can be lower than would otherwise be the case. This can help retain and attract members and mean that more resources are available to do mainstream representational and other work. A second benefit is that members may appreciate the services, particularly if they are of better quality or are cheaper than comparable services from other sources. This in turn enhances the value of the membership subscription. The provision of commercial services can therefore be a win-win proposition. However, associations differ in their ability to offer commercial services in a way that enhances the membership proposition for reasons that are largely outside of their control. The services which chambers and industry associations can provide include: services linked to representational work; a gateway for new business; professional services specific to the business; conferences, seminars and training; exhibitions; market places; statistics; and consultancy services (Pilgrim and Meier, 1995).

### **2.8.3 India (Example of Anglo-Saxon Model)**

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) is an apex body of businesses in India. In the initial, it started with 13 chambers as its original members under the name of “Association of Chambers of Commerce of India and Ceylon”. In 1987, new articles of the Association for ASSOCHAM were worked out (Pilgrim and Meier, 1995).

**Roles and Organization of Chambers:** Chamber membership in India is voluntary and defined in each chamber’s bylaws. In general, chambers are open to all economic sectors, including large and small businesses as well as self-employed professionals. ASSOCHAM have categorized membership into five; Promoter Chambers, Patron Members, Ordinary Members, Corporate Associates, and overseas membership. In

general, chambers are open to all economic sectors, micro and small scale enterprises engaged in commerce, trade or industry associations; medium firms, sole proprietors, companies, corporate bodies, public sector undertakings, societies or any other body engaged in trade, commerce, agriculture, and services or profession; and large companies and financial institutions. There is restriction to the number of members for the large companies/ businesses while there is no restriction to the number of members in micro and small scale and medium category of businesses. There are no regulations with regard to size or area of representation of chambers from the government. Almost all regional chambers of commerce and industry as well as national trade and industry associations are represented as members in ASSOCHAM. Most chambers and industry sectoral associations are located in the regional centers and urban areas (Pilgrim and Meier, 1995).

ASSOCHAM, the first-ever Apex Chamber of Commerce and Industry of India, was established in the year 1920. Since its inception, ASSOCHAM ([www.assochem.org](http://www.assochem.org)) has always been in the forefront of giving voice to Industry's viewpoints and bringing them to the notice of the policy makers in the Government as well as the general public through active interaction with the Media and various stakeholders in the Industry. ASSOCHAM through its National Councils regularly take up the issues of its member's interest in various fields with the Policy Makers (Pilgrim and Meier, 1995).

In addition to ASSOCHAM, there are many confederations, federations, trade associations, and industry associations campaigning on behalf of particular sectors and disseminate information to members and the community. The Confederation of Indian Industry (CII), an association of Indian businesses which works to create an

environment conducive to the growth of industry in the country and Indian Industries Association (IIA), an apex body of micro, small and medium enterprises are some of the examples (Pilgrim and Meier, 1995).

**Internal Organization of Chambers:** The internal organization of chambers in India is determined partly by government laws as well as chambers laws constituted in the bylaws of each chamber. Under Indian law, no business registration is required for sole proprietorship. On the other hand, partnerships in India are regulated under the Partnership Act. Partners of a firm are jointly entitled to all the profits and are also jointly and severally responsible for all the liabilities arising from the business. A written partnership deed registered with the Registrar of Firms is not required by law but is advisable for, amongst others. A company may be incorporated in India either as a private company or a public company (Pilgrim and Meier, 1995).

The chamber organization is generally made up of ASSOCHAM management committee (the President, Vice President), advisory council, special executive committee, national committee, secretary-general and secretariat. The highest ranking executive body of the chamber is the ASSOCHAM management committee which directs and manages the affairs of the chamber. The president and vice presidents are elected from among the management committee. The president is the chief executive officer of the chamber and presides over all meetings of the managing committee. The secretary general is either an appointed director or an employed staff member and is responsible for organizing the chamber's day-to-day activities. When the chamber has a secretariat with employed staff, the secretary general heads the staff. Most chambers have various committees on different issues to advance chamber activities by providing expert opinions and developing proposals. In contrast to chambers in the



Continental Model, chambers in India are run by the elected officials, the secretariat acting as only support staff (Pilgrim and Meier, 1995).

Sources of Income: Membership fees and income from services are the major sources of income in Indian chambers. Most chambers and industry associations in India collect an admission fee and annual fees from their members. Other sources of income are selling publications, issuing certificates of origin and grants (Pilgrim and Meier, 1995).

Basic Functions: All chambers in India undertake advocacy activities with public authorities in relation to member interests. In this regard, chambers initiate policy dialogue with the government along with proposals for policy measures that would assist to foster favorable business environment. In general, chambers have a good and cooperative relationship with the public authorities. Chambers and Industrial Sectoral Associations also provide assistance to trade and industry in becoming competitive in national and international markets. They promote international trade through meetings with visiting foreign business delegations, participation in Trade Fairs/Exhibitions and business delegations abroad (Pilgrim and Meier, 1995).

Expert advice on diverse subjects such as industrial growth, monetary and fiscal policy, exchange rate policy, economic planning, taxation and corporate laws; regular and timely information on latest national and international policies, government legislations and technical developments; generating awareness and gathering public support regarding specific aspects of business for overall business development; helping policy makers, foreign investors and trade and industry on legislation analysis; and platform to interact and gain professional knowledge through seminars,

workshops and round table meetings are among the functions of federations of chambers and sectoral associations (Pilgrim and Meier, 1995).

### **2.8.3 Kenya (Example of Anglo-Saxon Model)**

As in any country, the history of trade and industrial associations starts from historic development of chambers of commerce. The Kenya National Chamber of Commerce and Industry (KNCCI) is a multi-sectoral organization established in 1965 as non-profit, an autonomous, private sector institution and membership based organization. The merger of the then three chambers of commerce: the Asian, African, and European Chambers, to protect and develop the interests of the business community. KNCCI Mombasa County Chapter is an affiliate member of the International Chamber of Commerce and Industry (ICCI), the G77 Chamber of Commerce and Industry, Pan African Chamber of Commerce and Industry (PACCI), the Common Market for Eastern and Southern Africa (COMESA), the East Africa Chamber of Commerce, Industry and Agriculture (EACCIA), and the East African Business Council (EABC), among other (Pilgrim and Meier, 1995).

Role and Organization of Chambers: KNCCI membership is open to all parties involved in economic sectors including large and small businesses as well as self-employed professionals. However, in case of sector specific associations like the Kenyan Association of Manufacturers, membership is restricted to persons, firms and companies directly engaged in manufacturing; processing or any other productive activity. Most chambers have five classes of membership: business associations, local corporate, foreign multi-nationals, state corporations and boards, and friends of the chamber. Chambers in Kenya are regulated by both public and chamber laws; public laws include trade and markets as well as business licensing laws while chambers law

includes legislation or constitution of chambers. However, there are no regulations limiting the size or area of representation of chambers. Thus, chambers of commerce and industry are located in almost all counties and members of the KNCCI (Pilgrim and Meier, 1995).

KNCCI has a special position in the Kenyan chamber system. It is recognized by the government and acts as the apex body of the Kenyan chamber system. As a designated voice of the private sector, it is represented in major national committees which include: legislation and local authorities committee; economic and development committee, finance committee, manufacturers committee, export and tourism committee, transport and communication committee, small and medium enterprises committee, agriculture committee, and in all district development committees. It contributes to the national budget formulation and review of various Bills, participates in the enactment of government policies that affect business climate, and liaises closely with Ministries of Trade and Industrialization in all trade and industry matters (Pilgrim and Meier, 1995).

In addition to KNCCI, there are many trade and industry associations as well as federations that campaign on behalf of particular sectors and disseminate information. These include Kenya Association of Manufacturers (KAM), Kenya Micro, Small and Medium Enterprises Association (KMSMEA), and the Federation of Kenyan Employers (FKE) (Pilgrim and Meier, 1995).

**Internal Organization of Chambers:** The internal organization of chambers in Kenya is determined in the bylaws of each chamber. The organization is headed by a national chairman, elected for three year term and also eligible for re-election to the second term. The National Chairman and his first and second national Vice Chairmen work

closely with the management committee of elected Directors, who are chairman of their respective sectoral standing committees. The management committee is supported by a secretariat of qualified and experienced personnel headed by a Chief Executive (Pilgrim and Meier, 1995).

**Sources of Income:** The major sources of income of chambers and sectoral associations in Kenya are membership's fees and income from services. Almost all chambers and sectoral associations in Kenya collect an admission fee and annual fees from their members (Pilgrim and Meier, 1995).

**Basic Functions and Services:** The basic functions and services undertaken by chambers and industry associations include: advocacy, government representation, business services, and diplomatic services. Furthermore, its services include providing market information to importers and exporters and training traders and organizing trade events. The type of information provided include: foreign trade statistics, available trade opportunities, national and regional trade regulations, list of exporters and importers in a particular sector and trade events such as trade fairs. Initially dormant due to leadership fights, the government intervened and is helping by drafting a strategic plan to guide its operations (Pilgrim and Meier, 1995).

**Specific Association Experiences in their structure of organization, which are organized based on their value chain**

Review of experiences of countries specific manufacturing sector association in the spice, aromatic and herb subsector such as: America, Canada, UK and India which shows the value chain based organization.

## Canadian Spice Association

- ✦ Established in year 1942 (<http://www.canadianspiceassociation.com/> Jun 2, 2017)
- ✦ It has more than 40 members companies (IBID).
- ✦ Its members are importers, distributors and manufacturers of bulk and packaged spices, spice mixtures and spice-containing blends of ingredients for further processing (IBID).
- ✦ The activities of the members include growing, importing, processing (grinding, extracting, blending), treatment and marketing of spices, seeds and herbs (IBID).
- ✦ The Canadian Spice Association (CSA) is a non-profit volunteer association providing the Canadian food industry with their spices, seeds, herbs and extractives (IBID).

## American Spice Trade Association (ASTA)

- ✦ ASTA, the voice of the US spice industry, works to ensure the supply of clean, safe spice, shape public policy on behalf of the global industry and advance the business interests of its members <http://www.astaspice.org/membership/>
- ✦ Members are companies primarily engaged in growing/ producing, importation, exportation, processing, blending, trading, distribution, or sale at wholesale or retail of spices or seasonings (IBID).

## Spice Association of UK

- ✦ Is to be the leading voice of the UK Seasoning and Spice industry in the interests of members, food manufacturers and consumers alike.  
<http://www.seasoningandspice.org.uk/ssa/>
- ✦ Its principal objective is to promote the interests of its members in all aspects of the importation, processing and distribution of seasonings, herbs, spices and related products (IBID).

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Research Design**

This study used qualitative research design. Research following a qualitative approach is exploratory and seeks to explain ‘how’ and ‘why’ a particular phenomenon, or program, operates as it does in a particular context. As such, qualitative research often investigates i) local knowledge and understanding of a given issue or program; ii) people’s experiences, meanings and relationships and iii) social processes and contextual factors (e.g., social norms and cultural practices) that marginalize a group of people or impact a program. Qualitative data is non-numerical, covering images, videos, text and people’s written or spoken words. Qualitative data is often gathered through individual interviews and focus group discussions using semi-structured or unstructured topic guides. Qualitative research is used to gain insights into people’s feelings and thoughts, which may provide the basis for a future stand-alone qualitative study or may help researchers to map out survey instruments for use in a quantitative study. It is also possible to use different types of research in the same study, an approach known as “mixed methods” research. The role of the researcher in qualitative research is to attempt to access the thoughts and feelings of study participants. This is not an easy task, as it involves asking people to talk about things that may be very personal to them. Sometimes the experiences being explored are fresh in the participant’s mind, whereas on other occasions reliving past experiences may be difficult. However the data are being collected, a primary responsibility of the researcher is to safeguard participants and their data. Mechanisms for such safeguarding must be clearly articulated to participants and must be approved by a relevant research ethics review board before the research begins. Researchers and

practitioners new to qualitative research should seek advice from an experienced qualitative researcher before embarking on their project (Pope et al., 2000).

### **3.2 Data Type and Sources**

This study is based on both primary and secondary sources of data for collecting information related to the topic under research. The primary data was collected through interviews. The secondary data were collected from official documents of the selected associations, chambers and support delivering government offices related to the issue.

### **3.3 Sampling Techniques**

Qualitative research often focuses on a limited number of respondents who have been purposefully selected to participate because you believe they have in-depth knowledge of an issue understanding, such as:

- They are experienced and have first-hand information about problem and solution of the study.
- They know the ways and means to handle issues under different situations.

Random purposeful sampling – if your purposeful sample size is large you can randomly recruit respondents from it (Pope et al., 2000).

So in identifying the participants, Random purposeful sampling technique is used and a total of 43(28%) taken as a sample from a total of 151 populations of sectoral association members, chamber members and the support rendering and regulatory bodies.



### **3.4 Data Collection and Instruments**

There are a number of instruments used to collect data for researches. The selection of them, however, is based on types of researches undertaken. The decision of a researcher to select a particular instrument of data collection based on the type of people and character dealing with, and the nature of the social circumstances. (William et al., 2010)

Accordingly, the researcher used a face -to- face interview and document review.

### **3.5 Technique of Data Analysis**

The analysis of qualitative research involves aiming to uncover and / or understand the big picture - by using the data to describe the phenomenon. The analysis involves labeling and coding all of the data in order that similarities and differences can be recognized. Responses from unstructured qualitative data can be entered into a computer in order for it to be coded, counted and analyzed. The researcher, however, has no system for pre-coding, therefore a method of identifying and labeling or coding data needs to be developed and modified for each research which is called content analysis. (Stirling, 2001)

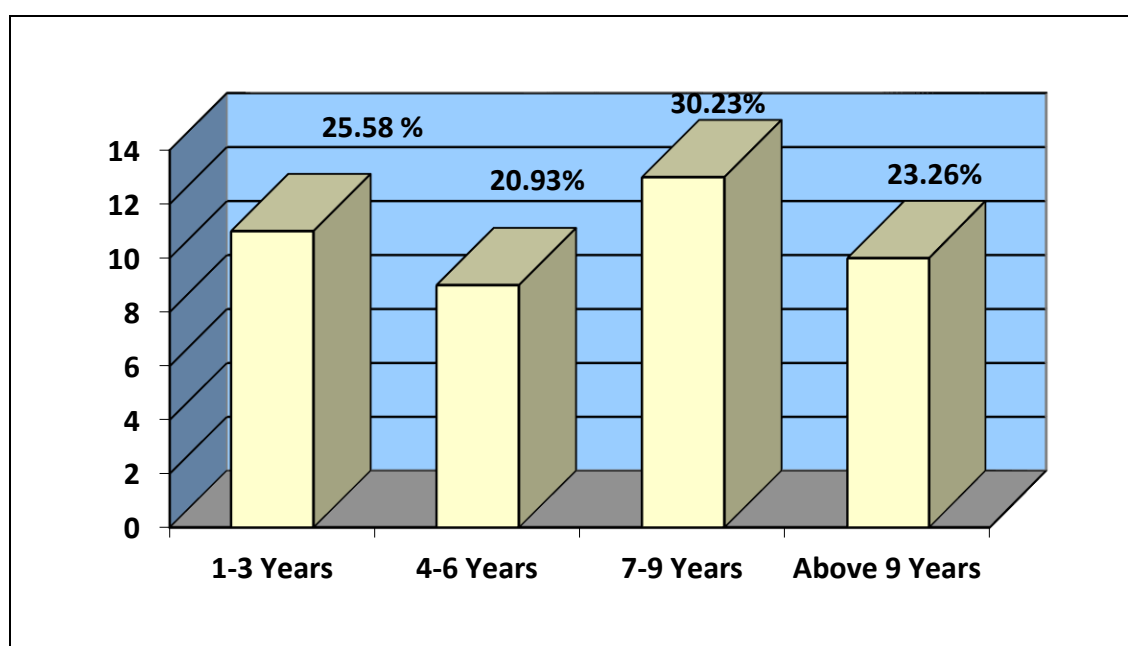
The method of data analysis used in this research was thematic network analysis which is more exploratory perspective, encouraging considering and coding all data, allowing for new impressions to shape interpretation in different and unexpected directions.

## CHAPTER FOUR: FINDINGS AND DISCUSSIONS

### 4.1. Background Information of the Respondents

Background information on the respondents includes work experiences, educational status and job positions of the respondents. The analyses of them were presented using three figures hereunder.

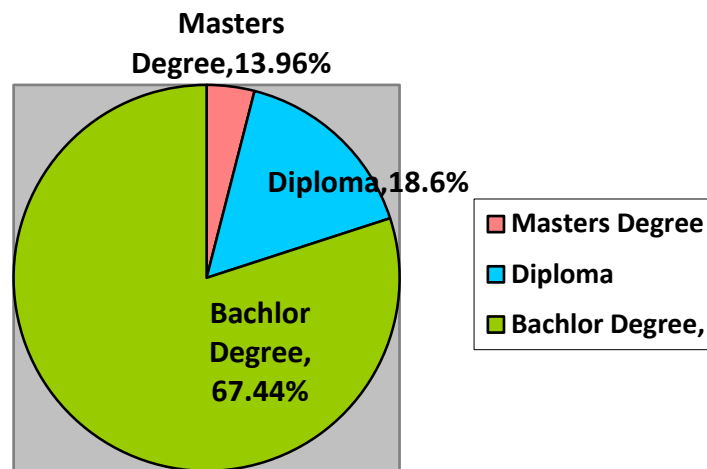
**Figure 1: Respondent's years of services**



Source: Primarily data collected by the researcher from field survey (June, 2017)

Regarding service years of the respondents the data in figure 1, showed that, most of the respondents 13 (30.23%) have 7- 9 years of experiences, 11 (25.58%) have an experience of 1-3 years, 10 (23.26%) were above 9 years of services and 9 (20.93%) of them were from 4-6 years of services. In general, the data in this figure shows that majority of the respondents has more than three years of services and considered as they are well familiar about the challenges and prospects of associations to respond the survey questions.

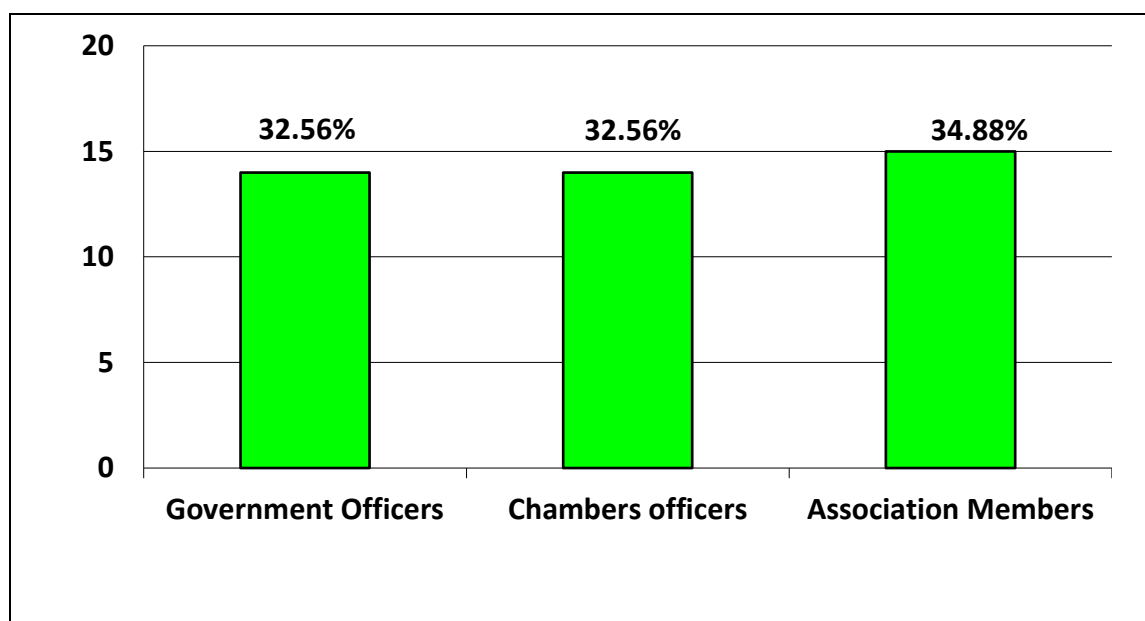
**Figure 2: Educational background of the respondents**



Source: Primarily data collected by the researcher from the field survey (June, 2017).

Figure 2: Illustrates educational background of the respondents who participated in this study. Thus, majority of the respondents 29 (67.44%) were bachelor degree holders, and 8 (18.6%) respondents have diploma level education. The remaining respondents 6 (13.96%) hold master's degree. This shows that, most of them are educated and they can easily understand the questionnaire presented to them. Therefore, the researcher took this opportunity so as to collect the required data without the need for training and translating the questionnaire to another language convenient for them.

Figure 3: Current job positions of the respondent



Source: Primarily data collected by the researcher from the field survey (June, 2017)

Concerning current job position respondents in figure 3, indicated that a higher share of respondents 15 (34.88%) were association members. Both government officers and chamber officers share equal number of respondents 14 (32.56%) each. This shows that both industrial and chamber association workers are represented fairly for the reliability of the responses.

## 4.2 Findings and Discussions

Table 1: Data on the interview of the associations and the support provision offices

S.N	Interview Data Summarized (Coded)	No. of respondent	%
1	Association membership and membership fee must not be voluntarily, because the associations and their chambers will not have potential individuals as their members and their financing also will not be strong. And if this is applied, industry chambers may be the data centers of the manufacturing sector for the country because all manufacturers	36	84.00

	will pass through them. As this also is applied democratic and developed countries and our country should follow this because the industrialization's of the country is in infant stage.		
2	The industry sector associations structures is not clear, it brings sometimes double membership, for example when we take one organization, once it is the member of the industry sector it may also be a member of the trade association, so that it may be urged to attend a meeting related or unrelated to his concern or to do such things two or more times. It would be better if associations at a national level are organized based on their value chain, others being to be organized in their specific manufacturing sector (the regional level and at the 'woreda' level) starting from already organized associations named unions.	34	78.00
3	The industry sectors associations have to have their own chamber and should be separated from the commerce (trade) sector rather they may have one umbrella that is the federation of private sector.	33	76.00
4	The name given to the industry sector association is not an appropriate name so that it should be changed to 'manufacturing association' as this is internationally known name also this is good for bilateral communication with country to country relation related with their issue.	30	70.00
5	The regulatory and support delivering bodies should be given specified assignments when the associations are not performing what they have to perform as their aim of establishment. The proclamation or the directive should state about what should be done when associations did not bring their report and not renewed their certificate of registration.	28	66.00
6	The regulatory bodies' supporting trends and ideas about the	27	64.00

	association is not the same in all regions in their administration of the industry sector associations and the chambers. Associations should be organized as per the regions natural and social background of manufacturing industries		
7	To strengthen the chambers, the government should give them the responsibility of giving a certificate of recognition to the industry sectors associations' and certificate of origin to the manufacturers. And the exhibition centers ownerships have to be given to them.	27	64.00
8	The regulatory and support giving body, that is the industry sector office should be strong and should have an office by itself which takes the responsibility for the manufacturing sector organization and strength, according to the government office structure up to the wereda level.	26	63.00
9	The international industrial companies should have their own associations as per their request.	25	60.00

Source: Field survey (June, 2017)

From the results 84% of the respondents on the interview do not agree on the policy of the Association membership and membership contribution, so they recommend that it must not be voluntarily, because the associations and their chambers will not have potential individuals as their members and their financing also will not be strong. As this also is applied in a democratic and developed countries and our country should follow this because the industrialization's of the country is in infant stage. As literatures review, different countries experiences using policy of continental model apply different methods to strengthen the associations and chambers, so the government should give them the responsibility of giving a certificate of recognition to the industry sectors associations' and certificate of origin to the manufacturers. And

the exhibition centers ownerships have to be given to them. The industry sectors associations have to have their own chamber and should be separated from the commerce (trade) sector rather they may have one umbrella that is the federation of private sector. The name given to the industry sector association is not an appropriate name so that it should be changed to 'manufacturing association' as this is internationally known name also this is good for bilateral communication with country to country relation related with their issue. The proclamation should state about what should be done by the regulatory bodies when associations did not bring their report and not renewed their certificate of registration. These all show the policy that is the proclamation no. 341/2003 need revision.

78% of the participants on the interview recommend the industry sector associations' structures and the support delivering offices structure need revision. When we take the association structure, it brings sometimes double membership, they recommend that the national level associations to have value chain based organizational structure, others being to be organized in their specific manufacturing sector (the regional level and the 'woreda'/city level). The regulatory and support delivering bodies should be given specified assignments when the associations are not performing what they have to perform as their aim of establishment. Associations should be organized as per the regions natural and social background of manufacturing industries. And the international industrial companies should have their own associations as per their request. These recommendations help the directive amendment, which is to be prepared after the proclamation and the structure of the associations and the support providing offices need revision.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of the Study**

A participatory approach has been employed as the best approach to the current study, which involved as many parties as possible. In this context, data collection through interview has been conducted to serve as a preliminary assessment mechanism to collect relevant information from sectoral associations and all concerned stakeholders. The participants in the study were representatives of National Sectoral Associations, Ethiopian Chambers of Sectoral Associations, Addis Ababa, Amahara, Oromia, Southern nations, nationalities and peoples and Tigri regions Chamber of Sectoral Association, and Officials and Experts drawn from government organizations. An extensive review and examination of available documents on experiences of existing industry associations, legal frameworks and procedures have been carried out. Review and assessment of experiences and best practices of some developing countries where industrial sectoral associations play a key role in industrial development has also been conducted.

The real capacity of industrial sectoral associations in Ethiopia to represent the interests of members in policy dialogue forums, advocacy for the furtherance of the various sectors of industrial sectoral associations, as well as to represent and provide business development services (BDS) has been noted to be nearly inadequate. To have any meaningful impact, therefore, any support and intervention areas to be envisaged must be directed at improving current conditions in a very substantial way. In this context, the recommended actions required by the private sector in collaboration with government regulatory bodies include: instituting strong internal organization; building the capacities of sectoral associations;



mobilizing grassroots networks; develop membership; instituting strategic planning; developing and advancing advocacy agenda; earning support and respect of government policy makers and regulators; building effective coalitions; developing strategic partnership; developing external membership and linkages; building trained and respected professional staff and well organized offices; and developing and advancing research agenda. The recommended actions to capacitate the operation of industry sectoral associations are presented.

## **5.2 Conclusion of the Study**

The assessments made revealed that three basic chambers and industry associations of distinct legal characteristics are known to exist in the World. These are the Continental, Anglo-Saxon and Mixed Systems Models. The Continental system model is characterized by obligatory membership and a special chamber law which defines its status and tasks. Under the Anglo-Saxon Model, there is no specific legislation regulating chambers and membership is on voluntary basis. The mixed systems model use one model as a foundation and introduce new elements from the opposing model creating a new hybrid.

However, the context of Ethiopian case as information collected and review of existing practices showed that the chambers of commerce and sectoral associations, the industry sectoral associations and their chambers as well as the regulatory and support provider organizations faced by many challenges to discharge their functions and responsibilities this is mainly because of the policy of the membership and their structure. The major challenges facing industrial sectoral associations as well as regulatory and support provider organizations included organizational and membership challenge, integration of sectoral associations into chamber of

commerce, unclear role between regulatory and support providing government organizations, non-segregation of chambers and sectoral associations by scale and Size, existence of industry associations and boards organized before the new law or without following the procedures of newly adopted directive hindering them recognition, bounding sectoral associations' organization to regional tier only, communication and follow up problems, inadequate Support from Regulatory and Service Provider Organizations and capacity limitation of the sectoral associations and their chambers. The challenges need to be given high attention to address and must be tackled to develop more efficient industrial associations as well as chambers of commerce.

### **5.3 Recommendations**

In view of the current challenges facing the operations of sectoral associations and regulatory and service providing organizations, the following actions are recommended:

#### **5.3.1 Prescribe obligatory membership and membership contribution**

The policy of the association membership and membership fee should be obligatory is proposed by 84% of the participant. Under the Continental Model, chambers are created on the basis of national legislation. The chamber law prescribes the creation of chambers as corporations under public law. Such legal recognition by law enables the government to delegate to the chambers certain functions which are normally assigned to public authorities (such as training, certification, business registration and licensing).

Under the Continental Model, the chamber law prescribes obligatory membership for all self-employed persons and legal entities entitled to run businesses within the

chamber district. Obligatory membership includes a regular and mandatory financial contribution to the local chamber.

Generally, three reasons are given for the introduction of obligatory membership. First, mandatory membership guarantees that chambers represent enterprises of all sectors, sizes and legal forms. Secondly, compulsory membership guarantees that all enterprises contribute financially, avoiding free-rider behavior. And finally, compulsory membership ensures a broad and stable source of income.

### **5.3.2 Resolve Value Chain Based Structure**

The manufacturers association should be recognized and organized at national level representing their value chain in their sector industries. Manufacturing have issues concerning raw material and input supply, tax policy and market problems both domestically and internationally and needs to be organized at national level to solve their issues through dialoging and working with combined effort and bringing to the attention of government.

### **5.3.3 Reconstitute Organization of Sectoral Associations and their Chambers, Separating from chamber of commerce.**

Sectoral associations should be separately organized nationally, regionally, and at woreda or city levels by owners of firms or industries involved in manufacturing or production activities; which shall be in similar sector or sub-sector. Then, sectoral associations shall establish chambers of sectoral associations at woreda or city, regional, and national levels. At woreda or city level, the members of woreda chambers of sectoral associations shall be sectoral associations established by owners of different manufacturing or production firms at woreda or city level as has been

provided by proclamation No. 341/2003, it is recommended starting from the already organized associations named ‘cooperatives/unions’.

The members of regional chamber of sectoral associations shall be regional sectoral associations and representatives of chambers of sectoral associations organized at different woredas or cities. The members of national chambers of sectoral associations shall be national sectoral associations and representatives of regional chambers of sectoral associations.

Similarly, chambers of commerce should be established separately at woreda or city, regional, and national levels. The members of woreda or city chambers of commerce shall be individual business men operating on trading and service activities at woreda or city level, the members of regional chambers of commerce shall be woreda chambers of commerce, and the members of national chambers of commerce shall be regional chambers of commerce.

Finally, the national chamber of commerce and chamber of sectoral associations shall form Federation of Chambers of Commerce and Sectoral Associations as an apex organization at national level, the members being national chamber of commerce and national chamber of sectoral associations. The national federation of chamber of commerce and sectoral associations shall represent the interests of both trade and industry issues at national, regional, or global levels. The national chamber of commerce, the national chamber of industrial sectoral associations, and the national federations of chamber of commerce and sectoral association can individually be member of any similar regional and/or global chambers of commerce and chambers of industrial sectoral associations.

#### **5.3.4 Supervise and Monitor Functionality of Industrial Sectoral Associations**

It is necessary that industry sectoral association's performances be regularly supervised and monitored. Evidences indicate that some of the industrial sectoral associations organized as per chamber and sectoral association laws and directive became very weak or even non-functional. Such weaknesses and non-functionality emerges from low awareness and unwillingness of the constituent members to participate in activities of the associations and failing to pay annual membership fee. Weak and unwilling management committee and leaders is also the cause for the weakness and non-functionality.

In general, the performances and service delivery by organized industry sectoral associations should be visited, supervised and monitored so as to strengthen them through providing necessary supports. In the associations show any progress, there should a system in which they terminate. It is also recommended that all industrial sectoral associations, chambers or federations' registry and license be renewed at least every three years time period provided they showed satisfactory progress in their activities and service delivery to constituent members and the public.

#### **5.3.5 Organize Industrial Sector Associations as per their regional background condition**

When stating the associations to be organized at each level, it should be taken in to consideration that regions special natural and social background and special attention should be given and specifications should be written why those associations are stated before the description of the association's name.

### **5.3.6 Capacitate Industrial Sector Associations and their chambers**

To strengthen the chambers, the government should give them the responsibility of giving a certificate of recognition to the industry sectors associations' and certificate of origin to the manufacturers. And the exhibition centers ownerships have to be given to them. The real capacity of industrial sectoral associations in Ethiopia to represent the interests of members in policy dialogue forums, advocacy for the furtherance of the various sectors of industrial sectoral associations, as well as to represent and provide business development services (BDS) has been noted to be nearly inadequate. To have any meaningful impact, therefore, any support and intervention areas to be envisaged must be directed at improving current conditions in a very substantial way. In this context, the recommended actions required by the private sector in collaboration with government regulatory bodies include: instituting strong internal organization; building the capacities of sectoral associations; mobilizing grass roots networks; develop membership; instituting strategic planning; developing and advancing advocacy agenda; earning support and respect of government policy makers and regulators; building effective coalitions; developing strategic partnership; developing external membership and linkages; building trained and respected professional staff and well organized offices; and developing and advancing research agenda.

### **5.3.7 Revisit the Formation of the offices of the Regulatory and Support Renderings**

Starting from the federal office which is the Ministry of Industry it is recommended that to form an office at a directorate level that should capacitate these Industry sectors associations and their agenda is the only task of it. And to all level according

to the government structure this formation should be followed to form industry office in all regions so their job will be supporting and regulating the associations.

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# ANNEXES

## **ANNEX 1: INDUSTRY SECTOR ASSOCIATION AND CHAMBER INTERVIEW**



### **ADDIS ABABA SCIENCE AND TECHNOLOGY UNIVERSITY COLLEGE OF NATURAL AND SOCIAL SCIENCES**

Dear respondents, the purpose of this interview is to identify Assessment of policy and structure of Ethiopian manufacturing Sector Associations and their contribution to the sector development, as a requirement for the degree of Masters of Business Administration (MBA) in Industrial Management at Addis Ababa Science and Technology University. Your volunteer participation in responding with accurate answer is vital for the successful completion of this research. The responses will be used for academic purpose only and it will be kept confidential.

Thank you for your cooperation!

Tariku Doche

Tel: 0911864338

Email: [dochetariku@yahoo.com](mailto:dochetariku@yahoo.com)

#### **Part I: Demographic characters**

What is your educational Background?

Experience/Duration of Membership (in years)

Are you association member or are you in chamber?

#### **Part II: Organization and Service Delivery Assessment**

1. Is the sectoral association member of national/regional/wereda level association/chamber?
2. Do the association adopted by laws/ constitution? When was it adopted?
3. How long do elected officials/ board members hold office at maximum?
4. What are the major duties of board members? How do you rate performance of elected board members?

5. Does the association hold general assembly of member industry representatives?  
How frequently does the general assembly meet?
6. How do you rate participation of members?
7. Are there clear responsibility demarcations between the board and the general assembly?
8. Does the association believe that it is providing adequate services as prescribed in the bylaw to members and others? How do you rate satisfaction level of members by the services delivered?
9. Do member industries pay membership fee? \_\_\_\_\_ If yes how much?\_\_\_\_\_ How do you rate the willingness of the majority of the members to pay membership fee?
10. Does the association have access to independent expertise to compile policy positions, cases and debates within the association and with other parties?
11. When does the government provide the opportunity for association participation?
12. Are the provisions of the existing law for the formation of chambers of sectoral associations conducive for their functioning?
13. Are there legal issues on the governance/ operation of sectoral associations? Does integration of sectoral associations with chamber of commerce appropriate?
14. What are the challenges faced by existing industrial sectoral associations in terms of governance, accountability, members participation, etc?
15. Do you say membership and membership contribution voluntarily?
16. What strategies should be designed and adopted to strengthen the functions and operation of industrial sectoral associations as well as service provider institutions?

## **ANNEX 2: GOVERNMENT REGULATORY AND SUPPORT PROVIDING OFFICES INTERVIEW**



### **ADDIS ABABA SCIENCE AND TECHNOLOGY UNIVERSITY COLLEGE OF NATURAL AND SOCIAL SCIENCES**

Dear respondents, the purpose of this interview is to identify Assessment of policy and structure of Ethiopian manufacturing Sector Associations and their contribution to the sector development, as a requirement for the degree of Masters of Business Administration (MBA) in Industrial Management at Addis Ababa Science and Technology University. Your volunteer participation in responding with accurate answer is vital for the successful completion of this research. The responses will be used for academic purpose only and it will be kept confidential.

Thank you for your cooperation!

Tariku Doche

Tel: 0911864338

Email: dochetariku@yahoo.com

#### **Part I: Demographic characters**

What is your educational Background?

Year of Experience?

#### **Part II: Organization and Service Delivery Assessment**

1. Are there regulatory/ legal issues in delivery of support to sectoral associations?
2. Does integration of sectoral associations with chamber commerce appropriate?
3. Do national dialogue forum of sectoral associations conducted? How frequent?
4. What are the challenges faced by faced by the Ministry of Industry in terms of discharging its duties and responsibilities in encouraging establishment of industrial sectoral associations?

5. What are the challenges faced by existing industrial sectoral associations in terms of governance, accountability, members participation, etc?
6. Do you say the government should prescribe direct obligatory membership and membership fee?
7. What strategies should be designed and adopted to strengthen the functions and operation of industrial sectoral associations as well as service provider institutions (MoI)?

**ANNEX 3: LIST OF SECTORAL ASSOCIATIONS ACTUALLY  
ESTABLISHED AT NATIONAL LEVEL AS PER  
PROCLAMATION NO. 341/2003 AND  
IMPLEMENTATION DIRECTIVE APRIL 2004**

No.	Type of National Sectoral Associations
1	Ethiopian Leather Industries Association (ELIA),
2	Ethiopian Textile and Garment Industries Association (ETGMA),
3	Ethiopian Horticulture Producers and Exporters' Association (EFPEA),
4	Ethiopian Meat Producers and Exporters' Association (EMPEA),
5	Ethiopian Pulses, Oil Seeds, and Spices Processors Association (EPOSPA)
6	The Ethiopian Sugar and Sweats Manufacturing Association (ESSMA),
7	Ethiopian Medicine and Medical Equipments Producers' Association (EMMEPA),
8	Ethiopian Honey & Wax Processors' Association (EHWPA),
9	Ethiopian Basic Metals & Engineering Industries Association (EBMEI),
10	Ethiopian Chemical Products Producers' Association (ECPA),
11	Ethiopian Printers & Publishers' Association (EPPA),
12	Ethiopian Coffee Growers, Processors and Exporters' Association (ECGPEA),
13	Ethiopian Flour and Flour Products Producers Association (EFFPPA)
14	Ethiopian Cotton Producers, Ginners and Exporters' Association (ECPA)
15	Ethiopian Pulp & Paper Products' Producers-Association (EPPPA),

Source: Ministry of Industry and ECCSA, June, 2017

## **Biography of the Author**

### **Personal Profile**

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Name: Tariku Doche

Profile: Male 36 Married and 1 Son

Nationality: Ethiopian

Current Location: Addis Ababa

Current Position: Sector Association section Coordinator

Contact Address : Phone 0911864338, 0906622552

E-mail [dochetariku@yahoo.com](mailto:dochetariku@yahoo.com)

### **Educational Background**

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2015-to Now : MBA Student in Industrial Management at AA Science & T. University.

2007-2010 : BA Degree in Economics from Haremaya University.

### **Work Experience**

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I am now working at Ministry of Industry of Ethiopia starting from Sept 2014 – To date in a directorate of Sectoral and Professionals Associations Relation & Competence Section at a position of team leader

### **Duties and responsibilities**

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Prepare annual work plan and programs of the Section based on the Ministry's Annual plan on the Sectoral Associations issue such as assisting them to have collaboration with each other for their common issues helping them to be listened about their requests in government offices etc Prepare of reports of the work done fortnight, monthly, quarterly and annually.



Control and prepare a report of short, medium and long term activities of the team with the participation of the team members. And perform various tasks under the supervision of Director and the Ministers.

### **Work experience**

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Before the ministry of Industry, I had worked at Metahara sugar factory Organization from April 2009 – June 2012 in a section of Planning business development and Budget preparation at a position Budget preparation Foreman.

### **Duties and responsibilities**

---

Collect proposals from departments and submit for the General Manager with the appropriate comments. Prepare the department annual proposal. Discuss on the budget discussion sessions held annually with the General Manager. Perform various tasks under the supervision of planning section. Produce reports that evaluate departments under the organization and identify areas where improvements can be implemented. Review and update the capability list data of each departments of the organization.